



Md Arfan Ali, president and managing director of Bank Asia, and Md Nazrul Islam, a general manager of the Bangladesh Bank, attend a seminar on "Foreign direct investment and its reporting" organised by the private commercial lender at a hotel in Dhaka yesterday.

BANK ASIA

Fed keeps rate-cut door open

REUTERS, Boston/Washington

In their last public comments before the Federal Reserve's next interest-rate decision, US central bankers on Friday left the door open to a further reduction in borrowing costs as they continue to assess how household spending, the main driver of US economic growth, is holding up.

So far, signals are mixed. While traders are betting heavily on what would be a third rate cut this year at the Fed's Oct. 29-30 meeting, it is unclear whether Fed policymakers overall will support such a move. In September,

pace to grow by 2.5 percent this year, Fed Vice Chair Richard Clarida said on Friday.

"I don't see any evidence right now that recession risks are elevated," Clarida, the Fed's No. 2 official said at an event in Boston. "And I don't see that spilling into the consumer."

His speech echoed that of Fed Chair Jerome Powell two weeks ago that was seen as signaling another interest rate cut at the central bank's next meeting. It was also in line with those of other policymakers who emphasized this week that they are open minded about future policy decisions.



Federal Reserve Vice Chair Richard Clarida talks on the phone during the three-day "Challenges for Monetary Policy" conference in Wyoming, US.

the median of the Fed's 17 policymakers thought just two rate cuts in 2019 would be appropriate.

Since that meeting, jobs growth has slowed and retail sales unexpectedly dropped, possible signals that a decline in manufacturing brought on by the US-China trade war may be spreading more broadly through the economy.

At the same time, household debt levels remain low and consumer spending is still on

The Fed cut interest rates for the first time in more than a decade in July. It did so again at its subsequent policy meeting in September in what Powell and some others have characterized as "insurance" against headwinds to the economy from slowing global growth and the US-China trade war. Since the meeting, US manufacturing activity tumbled to a more than 10-year low and service sector activity fell to a three-year low in September.

But consumer spending, which accounts for roughly two thirds of US activity, remains key as policymakers weigh whether more cuts are needed. US retail sales fell for the first time in seven months in September, data on Wednesday showed.

"I think the data has come in since the last meeting generally softer; generally it's been a little bit more downside than I would have expected at the September meeting," Minneapolis Fed President Neel Kashkari said in Des Moines on Friday.

With the Fed's policy target range for overnight rates of 1.75 percent-2.00 percent currently above the yield on the 10-year Treasury, interest rates may be restraining the economy when in his view they ought to be "somewhat accommodative," given the risks, he said.

"I don't want to prejudge what the committee will do, but I think we are all trying to be data dependent, and as the data moves, I think our outlooks tend to adjust," Kashkari said.

Dallas Federal Reserve president Robert Kaplan said at an event in Washington that he is currently "agnostic" about a third rate in October.

"This could break either way," said Kaplan, who like Kashkari is not a voter on Fed policy this year. Despite risks tilted toward a worse-than-expected economic outcome, "it may be wise to take a little time to assess and continue to turn over a few more cards."

Kansas City Fed President Esther George, who has dissented from both rate cuts this year, signaled she would again argue against reducing borrowing cuts at the Fed's next meeting.

"My own outlook for the economy does not call for a monetary policy response," George said. "While weakness in manufacturing and business investment is evident, it is not clear that monetary policy is the appropriate tool to offset the risks faced by businesses in those sectors when weighted against the costs that could be associated with such action."

The only data that would change her view would be something showing US consumers really beginning to suffer from the effects of trade uncertainty and slowing growth.

"Should downside risks spill over...in a way that fundamentally affects the consumer and shifts the overall outlook, a monetary policy response may be required," George said.

Boeing 737 MAX test pilot grappled with simulator flaws

REUTERS, Seattle

In newly released instant messages from 2016, a top Boeing Co 737 MAX test pilot tells a colleague that the jet's MCAS flight control system - the same one linked to two fatal crashes - was "running rampant in the (simulator) on me."

But the broader conversation appears to show the Boeing pilot was also grappling with a number of software problems with the flight simulator itself, according to a former Boeing test pilot who analyzed the transcript and who had direct knowledge of the flight simulator at the time.

Such calibration problems may have contributed in some way to then-chief technical pilot Mark Forkner's observations and conclusions about MCAS's behavior, the former pilot, and a second former Boeing engineering employee, Rick Lutke, said.

The messages, first reported by Reuters, appear to be the first publicly known observations that MCAS behaved erratically during testing before the aircraft entered service.

They sent Boeing's shares tumbling,

prompted a demand by U.S. regulators for an immediate explanation, and a new call in Congress for the world's largest planemaker to shake up its management.

At one point during the 9-minute conversation, Forkner tells colleague Patrik Gustavsson that he was in his hotel room "with an ice cold grey goose" after a session on a flight simulator earlier in the day.

The Nov. 16, 2016 conversation took place four months before the U.S. Federal Aviation Administration certified the MAX, the latest iteration of Boeing's 737 aircraft, and two years before deadly crashes in Indonesia and Ethiopia killed 346 people.

That simulator, likely supplied by Textron Inc company TRU Simulation + Training, was also still months away from winning FAA certification and had numerous technical problems that affected its performance, the former Boeing pilot said.

At one point in the exchange, Forkner tells his colleague the machine was "pretty stable" and he had signed off on some "DRs," or "discrepancy reports" - likely meaning that they had resolved earlier issues, the two former Boeing employees said.



Shafiqul Alam Bhuiyan, managing director of Monico Technologies Ltd, cuts a cake to celebrate the 10th anniversary of Finder, a vehicle tracking service of the company, at the Lakeshore hotel in Dhaka recently.



Azharul Islam, chairman of Uttara Bank, speaks at the bank's "Zonal Heads' Conference-2019" at its head office in Dhaka yesterday. Mohammed Rabiul Hossain, CEO, was present.



Asadul Haque Sufyani, chief operating officer of Bengal Cement; Md Siddiqur Rahman, head for marketing, brand and communication, and Kazi Mostafizur Rahman, assistant general manager for sales for north Bengal region, attend the company's business meet for the region in Bogura recently.

Malaysia held talks with Goldman over 1MDB charges

AFP, Kuala Lumpur

Malaysia held talks with Goldman Sachs about dropping charges against three units of the Wall Street bank that prosecutors brought over the multi-billion-dollar 1MDB scandal, a report said Thursday.

Huge sums were stolen from Malaysia state fund 1MDB in a fraud allegedly involving former leader Najib Razak and his cronies, and spent on everything from high-end real estate to a luxury super-yacht.

Goldman's role has been under scrutiny as it helped arrange bond issues worth \$6.5 billion for 1MDB, with Malaysia claiming large amounts were misappropriated in the process.

Last year, Malaysia filed charges against the units of the bank and two ex-employees over the scandal. In

August, charges were filed against 17 current and former executives of three Goldman subsidiaries.

The Wall Street Titan says it will fight the charges, and that former members of the Malaysian government and 1MDB lied to the bank.

Malaysian Attorney-General Tommy Thomas told the Nikkei Asian Review that officials held two sets of discussions with the bank about dropping charges and were open to more.

"A lot of cases are even settled even after the trial begins," he said. "So the doors for discussion are still open while the prosecution readies the criminal case."

His office did not immediately respond to requests for comment.

There have been procedural hearings related to the case in Malaysia but a trial has not begun.

Malaysia accuses the Goldman units of giving false statements which led to \$2.7 billion being misappropriated in relation to the bond issues.

The charges against the current and former executives were brought under laws that mandate that directors, chief executives and other corporate representatives in position at the time of an offence are also deemed to have committed that crime, according to officials.

Malaysia says fees earned by Goldman for the payments were far above regular market rates, and is seeking compensation of \$7.5 billion from the bank over the scandal.

The US Justice Department, which is seizing assets allegedly bought with stolen 1MDB cash in America, estimates that \$4.5 billion was looted from the fund.

Reliance reaps record profit from consumer-facing growth

REUTERS, Mumbai

Indian oil-to-telecoms conglomerate Reliance Industries said strong growth in its consumer-facing businesses lifted second quarter net profit by 18.3 percent year-on-year to a record total.

Consolidated net profit rose to 112.62 billion Indian rupees (\$1.58 billion) in the three months ended Sept. 30, the country's largest company by market value said on Friday.

Analysts on average had expected a profit of 11.71 billion rupees, according to Refinitiv data.

"The company has reported a record net profit for the quarter," Reliance's billionaire Chairman Mukesh Ambani said, adding that the results also reflect the rapid scale-up of its consumer businesses.

Its telecom business, Jio, posted operating revenue of 123.54 billion rupees, while revenue at its organised retail business jumped to 412.02 billion rupees.

The consumer business rose to represent 33 percent of Reliance's overall operating profit, almost on par with its refining arm for the first time, Joint CFO V Srikant told a press briefing, underscoring Ambani's shift towards retail and technology.

Meanwhile, gross refining margin, profit earned on each barrel of crude oil processed, was reported at \$9.4 per barrel. This is higher than the previous quarter, but a whisker below \$9.5 per barrel posted in the same quarter of last year.

Reliance runs a 1.4-million barrels per day (bpd) refining complex in

western India.

As new marine fuel regulations are set to kick in next year, more vessels are opting for diesel, pushing up prices of the fuel and benefiting refiners.

Reliance has invested billions of dollars in the last few years to boost its income from consumer-facing businesses as it looks to bring it on par with traditional refining and petrochemicals business.

"Our investment cycle is now coming to an end with all the projects in our energy business close to completion and the major investments in our network for our digital business also being made," CFO Alok Agarwal

said separately.

Jio's net profit jumped 45.4 percent to 9.9 billion rupees because it added some 24 million customers during the quarter.

Its retail operations continued on a strong growth trajectory and posted an earnings before interest and tax (EBIT) of 20.35 billion rupees, the company said.

Reliance has not decided what its effective tax rate will be after India's corporate tax cut last month, Srikant said, adding it is not seeing too many "headwinds" in retail, despite Indian economic growth being at around six-year lows.



A bird flies past a Reliance Industries' logo installed on its mart in Ahmedabad, India.